

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 PC-01 OMB-01 CIAE-00 DODE-00

PM-05 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 EB-08 COME-00 TRSE-00

DOT-00 /076 W

-----094141 050712Z /16

R 041547Z AUG 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6006

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

C O N F I D E N T I A L LIMA 6532

E.O. 11652: GDS

TAGS: ECIN, PE

SUBJECT: ANDEAN PACT EFFORTS TO RESOLVE IMPASSE

ON AUTOMOTIVE PROGRAM

REF: CARACAS 7599

1. THE PRESS HERE HAS PICKED UP SPECULATION (REFTEL) ON A FORTHCOMING SUMMIT MEETING OF ANDEAN PACT (ANCOM) PRESIDENTS. SPECULATION WAS APPARENTLY STIMULATED BY THE RECENT ARRIVAL OF ANCOM COMMISSION MEMBERS REYNALDO FIGUEREDO OF VENEZUELA AND WILLY VARGAS OF BOLIVIA. THE TWO MET WITH PRESIDENT MORALES BERMUDEZ ON AUGUST 3 TO CONVEY MESSAGES FROM PRESIDENTS PEREZ AND BANZER WHICH THE PRESS SPECULATES MAY CONTAIN THE SUGGESTION FOR A SUMMIT MEETING.

2. FIGUEREDO TOLD THE AMBASSADOR PRIVATELY ON THE EVENING OF AUGUST 2 THAT THE VENEZUELANS DO NOT SEE A

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SUMMIT MEETING AS A PRACTICAL SOLUTION TO THE ANCOM'S CURRENT DIFFICULTIES. HIS REMARKS INDICATED THAT THE MESSAGE HE AND VARGAS CARRIED DID VISUALIZE AN EFFORT EMERGING FROM THE BANZER-PEREZ MEETING TO INDUCE GREATER POLITICAL COMMITMENT TO THE ANCOM AND TO REGIONAL ECONOMIC COOPERATION GENERALLY -- A FACTOR WHICH PEREZ SEES AS CENTRAL TO THE ULTIMATE RESOLUTION OF SUCH POLITICAL

PROBLEMS AS BOLIVIA'S ACCESS TO THE SEA. ANCOM SECRETARIAT SOURCES TELL US THAT THEY DO NOT EXPECT A SUMMIT MEETING ANYTIME SOON, WHILE THE ECUADOREAN AMBASSADOR, WHO IS CLOSE TO THE SITUATION, DOUBTS THAT ANY SUCH PROPOSAL HAS REALLY BEEN MADE.

3. THERE IS GENERAL AGREEMENT THAT THE IMPASSE OVER THE AUTOMOTIVE SECTORAL PROGRAM IS PRIMARILY DUE TO LAST MINUTE OBJECTIONS BY PERU. VARIOUS SOURCES HAVE RELATED TO US THAT AGREEMENT ON THE AUTOMOTIVE PROGRAM WAS VIRTUALLY IN SIGHT WHEN PERU DEMANDED MAJOR REVISIONS. ONE CREDIBLE VERSION IS THAT WHILE THE PERUVIANS HAD BEEN SATISFIED WITH ASSIGNMENTS UNDER THE PROPOSED PROGRAM, THEY ONLY BELATEDLY REALIZED THAT THEY HAD BEEN VIRTUALLY LEFT OUT OF THE SERIES OF BILATERAL AGREEMENTS WHICH WILL ACCOMPANY THE PROGRAM.

4. IN AN AIRPORT INTERVIEW, ANCOM JUNTA COORDINATOR JESUS ALBERTO FERNANDEZ ON AUG 2 INDICATED THAT ONE SOLUTION DISCUSSED RECENTLY IN CARACAS IS TO ASK THAT PERU ACCEPT THE AUTOMOTIVE PROGRAM SUBSTANTIALLY AS FORMULATED. IN RETURN, PERU WOULD BE GIVEN "SPECIAL WEIGHT" IN INDUSTRIAL ASSIGNMENTS WHICH WOULD COMPENSATE FOR THE CLAIMED COMMERCIAL DEFICIT UNDER THE AUTOMOTIVE PROGRAM. (COMMENT: IT IS NOT THOUGHT LIKELY THAT PERU WILL ACCEPT SUCH A SOLUTION.)  
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5. FIGUEREDO, IN HIS CONVERSATION WITH THE AMBASSADOR, WAS PESSIMISTIC ABOUT THE OUTLOOK FOR ANCOM. HE SEES SUCCESS IN THE NEGOTIATIONS OVER THE AUTOMOTIVE PROGRAM AS ESSENTIAL TO ANCOM'S FURTHER PROGRESS. BUT HE DOUBTS THIS POINT THAT THE IMPASSE CAN BE BROKEN.  
SHLAUDEMANN

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009